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Mr. Vanderlip's Message

An Address by

Frank A. Vanderlip

Before the Members of the
San Francisco Commercial Club
and
San Francisco Chamber of Commerce

June 2, 1920

Compliments of

D. S. Richardson
2541 Hilgard Avenue
Berkeley, Cal.

FRANK ARTHUR VANDERLIP

[From Who's Who In America]

Frank Arthur Vanderlip born at Aurora, Ill., November 17, 1864; student of University of Illinois and University of Chicago; Honorary M. A. of Illinois, 1905; LL. D., Colgate University, 1911; reporter, 1889, later financial editor of Chicago Tribune; associate editor Chicago Economist, 1894-7.

Private secretary to Secretary of the Treasury Lyman Judson Gage, March to June, 1897; Assistant Secretary of the Treasury, 1897-1901; vice president, 1901-1909, president since January, 1919, National City Bank, New York.

Chairman board of directors American International Corporation; director Haskell and Baker, Midvale Steel and Ordnance Company, Union Pacific Railroad, Oregon Short Line Railroad Company, McIntosh and Seymour Corporation, Farmers' Loan and Trust Company of New York, Oregon-Washington Railroad and Navigation Company, Peekskill Lighting and Railroad Company, New York Edison Company, United States Realty and Improvement Company.

Trustee Consolidated Gas Company, Northern Westchester Lighting Company, Mercantile Safe Deposit Company; trustee Carnegie Foundation, New York University; president New York Clearing House Association.

Visited Europe to study financial and industrial conditions, 1901; delegate to International Conference on Commerce and Industry, Ostend, Belgium, 1902.

Clubs: Economic, Metropolitan, Bankers of America, City, Union League (New York); Cosmos (Washington, D. C.); Press, Commercial, Union League (Chicago); Sleepy Hollow Country of Scarborough (pres.); India House (New York).

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MR. PRESIDENT AND GENTLEMEN: I went to Japan in a wholly unofficial capacity. I received an invitation from an organization in Japan called "The Welcome Association." It embraced one hundred of the leading citizens of Japan—leading in business, in political life, in the intellectual life of the nation. They invited me to pick out a party of ten men, to come to Japan with their wives and have a frank, unofficial discussion of the points of difference between the two nations. It seemed to be an important invitation—a promising opportunity to learn something. I approached it wholly as a student of the Far Eastern question, and a student in the primary department, because my attention has been rather fixed on the other side of the world, and while I have been connected with some large business enterprises in the Orient, I have not pretended to understand very much of the Oriental question, or to know much of the Japanese problem.

We met in Tokyo, a party of ten Americans, representing nothing and having no official standing whatever—representing no Chambers of Commerce or similar organizations—simply nine other men I picked out because I thought they were open-minded, able American citizens. And we met with a similar and considerably larger group of Japanese. The first word was, "Put diplomacy aside—let us discuss with frankness and candor the questions involved between these two nations." And then we began to make a statement of what the problems were, and, as we were the guests and were not experts—we were simply students—we said to those gentlemen, "Name the problems." The first problem they named was one that was deep in their hearts. And they named it with the greatest sincerity and the greatest gravity,—the Japanese question in California. Then I was called on to state

what we wanted to discuss, and I said there was a wider question, the question of a growing suspicion in the minds of Americans not at all confined to California, but in the minds of all Americans, as to the purposes and aims and aspirations of the Japanese nation. We had been shocked by what had occurred in Korea. That we had suspicions as to Shantung; as to just what were the aims of Japan in that province of China, and we looked with interest on the situation in Mongolia and Manchuria, and with rather intent interest on the position of Japan in Siberia. We thought all of those questions ought to be freely and frankly discussed. That was agreed to. Then they asked that we go further; that we discuss the idea of coöperation of American and Japanese capital in the industrial development of China, and that we also discuss the question of communication between America and Japan—that is, of better cable facilities. There was the general program.

We spent a week meeting every morning at 9:30 and proceeding in parliamentary order with Japanese and American secretaries and stenographers. Baron Shibusawa was made the honorary chairman. Viscount Kaneko and myself were the presidents of the Conference. Now, remember, it was wholly unofficial. But I will say it assumed something more than just an unofficial conference of citizens, because the government at once began to show a decided interest, a sympathetic interest. The government officials entertained us. The Premier gave us a garden party, the Minister of Foreign Affairs a dinner. We met all the government officials and then it went further. The elder statesmen—there are only two left—Prince Yamagata and Marquis Matsukata, each asked for an interview. The Imperial household twice entertained us. The Governors of the Provinces, the municipalities of Tokyo, Osaka, Kyoto and Nara all entertained us in an exceedingly fine and dignified way. So that I feel that we have had, although a

quite unofficial visit, a very unusual opportunity to gauge the sentiment of Japan—the sentiments of the business leaders, men high in politics, even those far back of the government, but powerful in their influence, and we had, too, a pretty close contact in some instances with the common people themselves.

Let me make a very hasty résumé of this conference. The California question is not a question of immigration to California. That was one of the first things I learned. It is a question of the treatment of the Japanese in California. But, even deeper than that, much deeper than that, I think, is the method of approach to those questions. The seriousness of unlimited Oriental immigration into our social structure here is fully appreciated by the Japanese. Nowhere did I find a demand for any backward step in our attitude of exclusion. I did find objections to treatment that differentiated against the Japanese who are here—treatment that infers that they are an inferior people and that they should not have the rights and privileges of other aliens. But deeper than that, as I said, was the resentment—and there was a grave resentment—over the tone, the language, the nature of our approach to the questions and also the fact that there was no approach that reached to the Japanese Government; that our Federal authorities seemed to ignore the whole subject, to leave it in the hands, if you will excuse plain speaking, of politicians, of newspapers, not always moved by the highest motives, inviting anybody with deep racial prejudices to make discourteous remarks in regard to the situation.

When I went to Japan, when I left here, I think I was a little more than open-minded. I think I failed to see as I see today the seriousness of any opening of the door to further Japanese immigration. I left Japan with a very much higher opinion of the Japanese than I had when I landed there, but with a clearer opinion in my mind that we ought not to permit further immigration. But they take

the attitude that our stand in that respect is all right—they were sorry, particularly sorry in so far as it placed them in a position of inferiority, but they said that they had met that with a gentlemen's agreement and that they had scrupulously kept that gentlemen's agreement. Now, I know in your mind there is doubt that they have scrupulously kept that agreement. I find in some minds there is a doubt that we, in the United States, have scrupulously kept it, or seen to it that it is kept scrupulously. I am told here that, perhaps, any criticism might first fall upon our own authorities, if there has been any violation of that agreement.

They said then, further, that they saw the force of the objection that was made to the so-called picture brides, and that they had met that and would scrupulously keep that agreement as soon as the few who still had been contracted for had arrived here.

So the question of additional immigration or the question of bringing in picture brides was disposed of so far as they were concerned. They said that they believed they could dispose of every question, if they were approached with courtesy and sympathy and some understanding of their own situation. That is where this Japanese-California question rests in my mind; that if you will approach it, not in the language of the political arena, not with emphasis on racial prejudices, but if you approach it through the Federal Government, which is the only approach that can be made to the Japanese Government, that everything you seek to accomplish—every reasonable request that you could make could be adjusted and the whole situation left in a position of good feeling. But if there is approach at all, if you merely make it a football of politics and prejudice, you have got a larger question than the California question. You have not only a national question but an international question. Important as your relation to the Japanese question is, there are

other things that in the very brief time I have I think I ought to turn to.

What is in a broad sense the Japanese problem? This question of immigration is one of the phases of it. But it is also one of the least phases of it. I got a little glimpse of this great Far Eastern world, of the situation that a third of the population of the world is in; of the background of the Japanese question. Let me say a word about that. There are 400,000,000 people in China without a government, literally. There is a semblance of a Republic imposed upon a people who have no experience whatever in political life. A people who are 95 per cent illiterate; who have more than 20 different languages, so that one province can not understand another; who lack communications; who lack all the means of developing a democratic government. There has been a semblance of a government elected in some sort of a way, but in a way that never entered the comprehension of probably 90 per cent of the population. It has represented nothing; it has been corrupt; it has been inefficient; it has lacked courage and has been without any real national political feeling or backing, and it has no standing or influence.

There are provinces in China today dominated by bandits, and the Government instead of reaching out and disciplining or hanging some of those bandit leaders has made generals or governors of them. The situation is not quite so hopeless as that would indicate because there is in China the germ of a national political life—the so-called student movement. It is important, it is patriotic, too patriotic in some senses because it is dominated by the greatest racial prejudices, but it is a hopeful element that in time may work out a government for that vast horde of people. And China is next door to Japan,—this vast nation without any central government worthy of the name.

In Manchuria and Mongolia the situation is much the same. In Siberia, that vast tract

from the Pacific to Lake Baikal, the greatest white man's country left in the world, there is complete political disintegration. There is no central political authority. There is no government. On the western border there is an invasion of Bolshevik ideas, of crazy economic theories, but the Government has disappeared; the means of commerce have disappeared. There is no adequate transportation. There is no effective currency. The currency has become valueless. There is no banking. The people are sinking back into a primitive state without the means of exchange and without any real political life.

There is the background of the Japanese questions. We find that they have gone into China and into Shantung. Shantung is a very great province with 30,000,000 people, lying close to Japan. The peninsula reaches out into the Pacific and is the easternmost part of China. The Germans had been granted concessions in Shantung; the concession of 20 square miles where they had sovereignty, and the ownership of a railroad which they had erected and controlled. When Japan was asked to enter the war, which she promptly did, the first request was that the stronghold of Germany in the Pacific should be captured. It was fortified by heavy guns and great ships, and the harbor was laid with submarine mines. Japan therefore asked to approach it from the rear, and obtained from China, a neutral nation at that time, the right to march her troops 150 miles across the peninsula. She did that; she did not keep strictly within the lines of the agreement; the weather was bad, the roads were bad and she went outside of the direct route with some of her soldiers. She invested Kiauchow and captured it, and it has since been under the military domination of Japan. She took possession of the railroad and has policed it with Japanese troops, and I believed has used it in a way preferential to Japanese. She has done things that are subject to criticism, and the people at home are

frank in criticism of the military side of the Government.

Japan has promised to return all sovereignty to China. On the 24th of last January she invited China to a conference in regard to the return of sovereignty and to discuss the commercial advantages she had acquired from Germany at the Peace Conference with the acquiescence of China and Germany. No such conference has been or can be had because the Chinese Government is too weak to engage in such a conference and there the Shantung question stands. There is a good deal to criticize in what Japan has done. She has been harsh in her military administration. She has levied some taxes that ought not to have been levied. She has treated the railways so that they are operated preferentially for Japan's business. Still she has promised and says she stands ready to restore full sovereignty to China if only there can be a government strong enough to accept it from her hands.

Now, Korea. There have been some terrible things in Korea. That the military administration of the Japanese has been harsh and brutal, they admit. Japan stands abashed at the record she has made. When the matter finally came forcibly to her attention, however, she took the most important political action that could be taken in Japan; an Imperial rescript was issued in regard to the situation. The Government changed from a military to a civil government a year ago and since that time the Japanese believe there is little to criticize in the administration of Korea.

Japan entered Siberia at the request of the Allies and accompanied by the troops of the Allies. The Allies' purposes did not appear to be clear in their own minds; their policy vacillated. Finally we withdrew our troops without notification. Even our own Ambassador did not know of it until he heard of it through the War Office of Japan. There was a terri-

tory absolutely without government, with no army to maintain law and order. The Japanese had increased their troops to a larger proportion than they should have had, based on the number of Allied troops. She has about 40,000 troops in Siberia, just a handful in that great territory, where there should be several hundred thousand properly to police it. She says she has no thought or inclination or means to keep them there and she intends to withdraw the troops as fast as she can.

But there is a deeper Japanese problem than any of these things, one that every man ought to have clearly in his mind, and I think sympathetically in his mind. We criticize Japan. There is a condition and not a theory in this problem. The condition is 57,000,000 people on a group of islands not as large as the State of California, 17 per cent of which is arable, a population which is increasing at the rate of 600,000 to 700,000 annually, grown now so large that they can not be maintained even with the most intensive cultivation. It is a cultivation where every grain of wheat is individually planted in a row and tended like an onion bed, harvested with sickles by hand, the most intensive cultivation imaginable, to obtain food enough for those people, and then it can not be done. What is the answer to that? The answer is not in emigration to America. Even if an appreciable part of the 600,000 yearly increase could be transported, their entry into America in such numbers would produce a social situation that would be disastrous. So emigration to the North American Continent we may cut out of the solution. But we have got our hands raised; we sit back here occupying a highly moral attitude and we do nothing. We put no money into the situation, no force of troops. We put nothing into it but criticism, and we say to Japan our hand is up. You must not go into China, or Siberia. Keep your hands off the continent of Asia. Then what other alternative is there? There is one possible,—the de-

velopment of an industrial Japan. She may follow that course, but she is handicapped. England had great supplies of coal and iron, and she entered the world industrially when she had no competition. She had skilled mechanics and trained herself into an industrial organization that holds a large place in the markets of the world. We have come out with our capacity for mass production and are occupying the markets that are left, and even driving England from some she already had. But Japan, with a population not trained to industry, lacking raw material, having almost no coal and very little iron, will find it difficult to turn herself into an industrial nation in competition with Great Britain and America; and we are going to contest Japan's invasion of our commercial field. We are going to do everything we can to keep her from successfully developing.

Now there is a living problem, a problem of tomorrow's dinner for 57,000,000 people, and it has to be answered somehow. We in America can not stay here and say we will assume no responsibility in the East. It is political chaos. Yes, a third of the world is without government, a disappearance of law and order, but we say to Japan, you can't come here or go there. I believe we have got to approach the subject more sympathetically, with more understanding, with some grasp of facts as they are, not as we might wish them to be. We can not put Japan back into the shell of the old hermit nation. We knocked at the door and invited with an insistence that said you must have commercial relations. We demanded that they give commercial relationship with the world. They did. It is only during the boyhood of some men here, that this happened; that a feudal nation, shut in a hermit's cave, came out and transformed herself into a constitutional monarchy and developed a liberal democracy, for that is what they are today. Japan is a liberal democracy which I believe has as high a moral and

spiritual national aim as you will find in any Western nation. There is still a military party, it is true, and the military party does things that the Democracy of Japan thinks are wrong, but can not quite control.

Now, you have got those two forces. The force of a fine, high-spirited Democracy believing that Japan has a great destiny of service in the East, of political leadership for the East, a destiny that can be accomplished without selfishness and to the benefit of the world. And alongside of it but growing less and less in power is this military party trained in Prussianism, with two successful wars back of it, seeing the possibility of an extension of territory and feeling the pressure of expansion from within. But that military party has seen two things in the last few years that have changed its whole attitude. It has seen the downfall of its military idol. It knows that a nation built on military force can not stand in modern civilization; and it has seen America transport 2,000,000 troops in a few months across the Atlantic Ocean. Now those are two great facts, and it left Japan, not only in the minds of the public but in the minds of the military party as well, bereft of any hope of great territorial conquest and extension of political power by force.

This realization has come quite recently, it is true, but I am confident the military party of Japan is in decline. That does not say that it may not do something tomorrow that might upset the East. That is possible. But I believe if we can go on a few years longer the democratic party will be wholly in control of the situation. The franchise is being rapidly extended. While we were in Japan there was a national election and the franchise had been more than doubled over that of any previous election. There has been a requirement that a tax of ten yen must be paid by an individual before he can vote. The Government has reduced that to three yen. Universal suffrage was one of the principal questions. Universal suffrage was defeated, and I believe wisely.

I don't believe Japan is ready for the complete extension of the franchise. Indeed, I don't believe that there is in the mere word "Democracy" a solution of many problems of government. A people must be ready and trained to democracy. Throughout Japan there is a lack of such training at present. If we believe in democracy, however, in a democracy that in its heart has the highest ideals, that has aspirations that can be measured by the highest standards of the Western world, then we ought to be sympathetic with the growing Democracy of Japan, and we ought to be sympathetic with this great fundamental problem of how Japan is to be fed, and sympathize with the general attitude of Japan. She wants to be measured by Western standards. She wants to live up to the highest of Western thought. She hates to be called inferior.

As a people I think the Japanese are the most ambitious of any people I have ever seen. There are universal educational requirements. Every child in Japan has to go to school. Ninety-five per cent of the people are literate. In every public school a four-year course in the English language is a part of the program. The Japanese are handicapped, for it is only the other day that they came out of feudalism. They are handicapped by the fact that no adult alien can learn to speak their language fluently, a language written in part in Chinese ideographs and partly in what they call Kata Kana,—a sort of an alphabet of 56 letters,—a language that requires two years more of every student than our language requires to get only the tools of education. That has greatly handicapped them. They are, moreover, handicapped by racial prejudices, by intense antagonism; and they are handicapped by the record they have made and they know it. They are sad about the record they have made, but are hopeful about the future, although they don't believe the future is going to be free from mistakes, because there is still

a powerful military party. Even in an enlightened Republic we find there are currents at times that become potent and wrongly directed. So there will be in Japan. But it seems to me we should be sympathetic. We should above all be courteous, and courtesy will go further in handling the relations of the United States and the Japanese people than anything else that you can name—the courtesy that goes between gentlemen—not the calling of names, but the approaching of a thing without any feeling at all for the sensibilities of the other side.

So to come back to this question we have here. I would approach it with more courtesy. You will get further and you will leave a sweet and fine understanding in the end. Even though you do things that are regarded as harsh, the Japanese will admit the necessity of much that you want to do, and will cooperate in doing it if the right approach can be found. Of course, that approach is only through the Federal Government.

A year ago I visited Europe and saw something of the awful blow that had been struck civilization, a blow that we in America do not yet comprehend. I saw something of the horrible loss to the world that the war brought. I have thought a little about reconstruction. How can the world make up something of this loss? That led me to think about an economic reorganization of world affairs. Here in the East is the greatest opportunity we have to recover all the losses of the war and further enrich civilization, if the East can be properly organized. We can not do it unless we review the questions in a large way, unless we see that our best interests are parallel with the best interests of our national neighbors. We have grown up viewing foreign trade, for example, with one blind eye. We just wanted to sell things and thought nothing of buying things or helping other people in their industrial development so they could pay for the things we had to sell. The East is the greatest

potential market ever imagined in the history of commerce, but the Far East, if its labor is not converted into something to sell, or if it is without means of transportation or communication, can buy little from us.

With good government, with transportation, with means of communication and a proper utilization of its labor, the East will respond and commerce develop beyond anything you can dream. But if that development is to be dominated by selfish national purposes of Western nations and attempts to get particular benefits, it will proceed but slowly.

If we could all get this broader world attitude—It is no sacrifice of Americanism. It is only seeing Americanism with a clear eye, seeing that America has the greatest opportunity offered to a people in all time. It is a responsibility that should arouse the enthusiasm of every American; it is an opportunity for service. If we can, as a nation, imbue our government with a feeling that the attitude of helpfulness, of real service to other people, will bring to us the greatest possible reward, our contribution to this Far Eastern question will be great. We ean not make it with unformed, destructive criticism, even where critieism is deserved. We have got to offer something besides criticism. We have got to offer our contribution of real interest, of understanding, of unselfishness. More of you should go to Japan and the Far East. Go openminded. Study with a spirit of world-wide eitizenship, a world-wide citizenship that makes you better Americans and brings that spirit to the development of the East. It is no time for selfishness. It is time for a broader comprehension than America has ever had of the world's problems—for a wiser treatment of our national relationships than our State Department has been giving us.

I think that is the message that I have brought baek, a message that would aim to wake people up to the importance of the opportunity, to the importance of the obligation, to the great service that we can render to civilization through becoming broader citizens and coming to realize and understand some of the problems of the East.